

STATE OF DELAWARE  
DEPARTMENT OF FINANCE

DIVISION OF REVENUE  
DIRECTOR'S RULING 72-1

January 31, 1972

SUBJECT: Capital Losses

SEE INFORMATION CIRCULAR  
76-4. PRE 1971 CAPITAL LOSS  
CARRYOVERS NOW ALLOWED. NO MODIFICATION  
IN 1106 (REASONING)


The question arises as to the treatment by Delaware of net capital losses incurred in 1971 and subsequent years. Will capital losses incurred in prior years be allowed as a carry-over to 1971 and subsequent years?

Net capital losses incurred in 1971 and subsequent years will be treated in the same manner as by the Internal Revenue Service. This includes the adjustments required on the federal return for long-term losses and the carry forward of such losses. No adjustment to the federal return amounts will be required. The losses automatically are reflected in the Federal Adjusted Gross Income. Taxpayer is required to attach a copy of the federal schedule D to the State return.

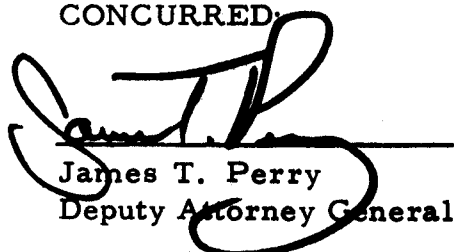
There was no provision for carrying forward net capital losses in old Chapter 11 of 30 Del. C. Capital losses were allowed to the extent of gains in the year of the transaction. Excess losses could not be carried forward.

It is our interpretation that unused capital losses incurred prior to the year beginning January 1, 1971 will not be allowed to be carried forward to 1971 and subsequent years. Where such carry-over losses from prior to January 1, 1971 are included in Federal Adjusted Gross Income adjustment must be made by modification on line D of Schedule 1-A Form 200 or on line (C) of Schedule 1-A Form 200 NR.

jvm

  
J. H. Kennedy  
Director of Revenue

CONCURRED:

  
James T. Perry  
Deputy Attorney General